

Lexington, Kentucky April 11, 2006

The Council of the Lexington-Fayette Urban County Government, Kentucky convened in regular session on April 11, 2006 at 3:30 P.M. Present were Mayor Teresa Ann Isaac in the chair presiding and the following members of the Council: Council Members Moloney, Myers, Scanlon, Shafer, Stevens, Stinnett, Wigginton, Brown, Cegelka, DeCamp, Ellinger, Farmer, Gorton, Lane and McChord.

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The Mayor gave her BUDGET ADDRESS as follows:

COUNCILMEMBERS, STAFF, AND FAYETTE COUNTY RESIDENTS, I AM PLEASED TO BE ABLE TO SPEAK WITH YOU ABOUT THE CHALLENGES AND OPPORTUNITIES THAT WE ARE FACING AND HOW WE PROPOSE TO USE OUR RESOURCES TO MEET THEM.

A YEAR AGO WE HAD SOME MAJOR ISSUES TO ADDRESS AND FORTUNATELY, WE HAD \$22 MILLION IN NEW REVENUES AT OUR DISPOSAL. WE DID SOME VERY GOOD THINGS THEN AND SOME OF THOSE DECISIONS WILL PAY DIVIDENDS IN THE FY '07 BUDGET.

THIS YEAR WE ARE ANTICIPATING \$15 MILLION IN NEW REVENUES. POSITIVE GROWTH STILL, BUT NOT NEARLY THE LEVEL OF FY '06. WORKING WITH THESE FUNDS HAS REQUIRED US TO BE MORE STRATEGIC ABOUT THE AREAS TO BE IMPACTED.

I AM PRESENTING TO YOU A GENERAL FUND BUDGET TOTALING TWO HUNDRED SIXTY TWO MILLION, FOUR HUNDRED FIFTY THREE THOUSAND, SEVEN HUNDRED FORTY DOLLARS (\$262,453,740). IT IS BALANCED; IT CONTAINS NO LAYOFFS AND NO NEW TAXES. THIS BUDGET CONTAINS THE FUNDS FOR THE SECOND YEAR OF THE COLLECTIVE BARGAINING AGREEMENTS WITH FIRE AND POLICE. THE AGREEMENTS WE HAVE IN PLACE HAVE STEMMED THE TIDE OF PERSONNEL LOSSES WE WERE EXPERIENCING AMONG THE SWORN RANKS.

WE WILL SPEND \$35,000 ABOVE THE CURRENT PAY SYSTEM TO HONOR OUR COMMITMENT TO PLACE THE SWORN PERSONNEL IN THE DIVISION OF COMMUNITY CORRECTIONS IN A STEP SYSTEM. THIS SHOULD BRING

ADDITIONAL STABILITY TO THAT ORGANIZATION AND WILL COMPLEMENT SOME OF THE OTHER IMPROVEMENTS WE ARE MAKING.

ALL EMPLOYEES COVERED BY THE WORLD AT WORK INDEX WILL RECEIVE A 3.8% SALARY INCREASE. THOSE ELIGIBLE FOR THE STRUCTURE MOVEMENT INCREASE WILL RECEIVE A 2.4% INCREASE. THE EMPLOYEES CAN ALSO APPRECIATE THAT WE ARE HOLDING INSURANCE RATES CONSTANT FOR CALENDAR YEAR 2006.

LAST YEAR WE TOOK THE FIRST STEPS TO STRENGTHEN OUR FOCUS ON ENHANCED CUSTOMER SERVICE. IN THIS YEAR'S BUDGET WE WANT TO CONTINUE TO MAKE PROGRESS IN THIS AREA. FORTUNATELY, WE CAN MAKE SOME IMPROVEMENTS THAT WILL HAVE LONG LASTING RESULTS WITHOUT SPENDING VAST SUMS OF MONEY.

OUR LONG-TERM VISION HAS BEEN TO CREATE A ONE STOP SHOP FOR DEVELOPMENT IN THE PHOENIX BUILDING. THIS BUDGET TAKES THE NEXT SEVERAL STEPS TO ACCOMPLISH THAT GOAL.

WE WANT TO CONTINUE WITH THE REALIGNMENT OF SERVICES IN THE PHOENIX BUILDING WITH PLANNING MOVING TO THE 7TH FLOOR, CODE ENFORCEMENT MOVING FROM THE FIRST FLOOR TO THE 5TH AND THE DOWNTOWN DEVELOPMENT AUTHORITY OCCUPYING THE FIRST FLOOR.

WE ARE CREATING A NEW POSITION OF COMMERCIAL PROJECT FACILITATOR WITHIN THE DIVISION OF BUILDING INSPECTION TO GIVE ADDED FOCUS TO DEVELOPERS THAT HAVE PROJECTS THAT ULTIMATELY WILL EXPAND OUR TAX BASE.

FOR A LONG TIME WE HAVE STRUGGLED WITH TRYING TO BALANCE ALL OF THE MEETINGS THAT OCCUR IN THIS ROOM. THIS BUDGET CONTAINS \$130,000 TO RETROFIT THE CONFERENCE ROOM ON THE THIRD FLOOR OF THE PHOENIX BUILDING. THIS EXPENDITURE WILL ENABLE GTV 3 TO DO LIVE OR TAPED MEETINGS THERE AT THE SAME TIME THAT MEETINGS ARE OCCURRING IN COUNCIL CHAMBERS.

PLANNING COMMISSION, BOARD OF ARCHITECTURAL REVIEW, AND VARIOUS OTHER DEVELOPMENT RELATED MEETINGS WILL NO LONGER HAVE TO BE DISRUPTED BEFORE THEY HAVE COMPLETED THEIR DOCKET.

IN OUR CURRENT BUDGET WE TOOK A MAJOR STEP FORWARD TO OVERHAUL THE TECHNOLOGY WE USE. AS WE PLANNED IT, WE REFERRED TO IT AS ERP. ONCE THE CORE PROJECT TEAM BEGAN ITS WORK THEY CHOSE THE NAME STARS. THAT STANDS FOR SUPERIOR TECHNOLOGY APPLICATION & REPORTING SYSTEM. WE ARE STILL ON TRACK TO "GO LIVE" WITH A VASTLY UPGRADED FINANCIAL SYSTEM IN JULY OF THIS YEAR.

OUR PROPOSED BUDGET SUPPORTS THE CONTINUATION OF THAT PROJECT TO NOT ONLY UPGRADE OUR HUMAN RESOURCES INFORMATION SYSTEM, BUT ALSO TO PUT US ON A MORE PREDICTABLE SCHEDULE FOR REPLACING COMPUTERS. I HAVE PLACED \$200,000 IN THE COMPUTER SERVICES BUDGET TO BEGIN REPLACING COMPUTERS AND SERVERS ON A PREDETERMINED SCHEDULE, AS OPPOSED TO WAITING UNTIL THE EQUIPMENT BREAKS DOWN COMPLETELY.

TECHNOLOGY CAN DO MANY THINGS FOR US, ESPECIALLY ENABLING US TO PROVIDE BETTER INFORMATION AND SERVICE TO THE PUBLIC.

BY BUILDING UP OUR TECHNOLOGY INFRASTRUCTURE, WE WILL ALLOW RESIDENTS TO OBTAIN AND PAY FOR SERVICES ON LINE, AND WE WILL PLACE COMPUTERIZED KIOSKS IN VARIOUS LOCATIONS AROUND TOWN SO PEOPLE CAN ACCESS INFORMATION. BOTH ARE CONCRETE EXAMPLES OF WHERE WE ARE HEADED.

THERE ARE TWO ADDITIONAL PROJECTS I WOULD LIKE TO TOUCH ON THAT DON'T TAKE MUCH MONEY COMPARED TO THE TOTAL BUDGET, BUT WILL HAVE A MAJOR IMPACT ON OUR INTERNAL AND EXTERNAL CUSTOMER SERVICE.

I AM INCLUDING FUNDS IN THIS BUDGET TO BRING THE DIVISION OF INTERNAL AUDIT TO THE FULL COMPLEMENT OF STAFF. THIS WILL ALLOW US TO COVER MORE GROUND WITH OUR AUDITING EFFORTS, THEREBY

STRENGTHENING MORE OF OUR OPERATIONS AT THE DIVISIONAL AND DEPARTMENTAL LEVELS.

THE SECOND PROJECT WILL HAVE A VERY SOLID LONG-TERM IMPACT WITH EXTERNAL CUSTOMER SERVICE. WE HAVE ENTERED INTO A PARTNERSHIP WITH UNITED WAY OF THE BLUEGRASS TO ROLL OUT TWO MORE THREE DIGIT PHONE NUMBERS TO ASSIST THE PUBLIC IN GATHERING INFORMATION ABOUT SERVICES.

3-1-1 WILL BE THE SHORT CUT NUMBER FOR INFORMATION ON GOVERNMENT SERVICES. 2-1-1 WILL BE THE NUMBER TO ACCESS INFORMATION ABOUT SOCIAL SERVICES. UNITED WAY WILL HANDLE 2-1-1 AND WE WILL HANDLE 3-1-1.

THE 3-1-1 WILL NOT BE FULLY OPERATIONAL UNTIL JULY OF 2007, BUT WE WILL BEGIN MARKETING IT LATE THIS SUMMER. OUR INTENT IS TO ROLL THEM OUT SIMULTANEOUSLY.

LET'S TALK FOR A FEW MINUTES ABOUT SOME OF OUR CHALLENGES.

THE FIRST CHALLENGE IS ADOLESCENT SUBSTANCE ABUSE. THIS IS SOMETHING THAT WE WISH WERE NOT THERE, BUT WE CAN'T IGNORE REALITY.

THE KENTUCKY DIVISION OF MENTAL HEALTH AND SUBSTANCE ABUSE ESTIMATES THAT 1,700 ADOLESCENTS IN FAYETTE COUNTY NEED SUBSTANCE ABUSE TREATMENT.

A REVIEW OF 87 CURRENT SOCIAL SERVICE CASES WITHIN THE URBAN COUNTY GOVERNMENT'S DIVISION OF YOUTH SERVICES REVEALS THAT 42 YOUTH HAVE USED ILLEGAL SUBSTANCES. OF THESE 42 YOUTH, THE MOST COMMON AGE FOR FIRST USE WAS 12, WITH AGE 7 BEING THE EARLIEST REPORT OF FIRST USE.

OF THE 110 CURRENT JUVENILE PROBATION CASES IN THE DIVISION OF YOUTH SERVICES, ONLY 19 REPORT NO SUBSTANCE USE AT ALL. OF THESE 110 YOUTH, THE MOST COMMON AGE FOR A DRUG/ALCOHOL SPECIFIC VIOLATION WAS 13, WITH THE EARLIEST VIOLATION OCCURRING AT AGE 7.

IN ADDITION, A SIGNIFICANT NUMBER OF YOUTH WITH SUBSTANCE ABUSE PROBLEMS HAVE CO-OCCURRING MENTAL HEALTH DISORDERS WHICH REQUIRE TREATMENT AS WELL.

SINCE LAST SUMMER, NUMEROUS STATE AND LOCAL AGENCIES, INCLUDING OUR DEPARTMENT OF SOCIAL SERVICES, HAVE BEEN MEETING TO DEVELOP A PLAN FOR PROVIDING ADOLESCENT SUBSTANCE ABUSE TREATMENT. I HAVE PLACED \$245,540 TO GO TO VARIOUS AGENCIES TO HELP GET THIS INITIATIVE OFF THE GROUND.

ADDITIONALLY, I HAVE INCLUDED \$175,000 FOR SUBSTANCE ABUSE TREATMENT FOR WOMEN IN OUR DETENTION CENTER. THESE EFFORTS COMPLEMENT SUBSTANCE ABUSE TREATMENT FOR MALE INMATES THAT ALREADY EXISTS.

I HAVE INCLUDED \$100,000 TO BEGIN THE PLANNING AND DESIGN PHASE FOR A NEW SENIOR CITIZENS' CENTER IN FAYETTE COUNTY. IT IS BADLY NEEDED AND WILL REQUIRE FUTURE FUNDING COMMITMENTS TO ACTUALLY GET IT BUILT.

BY LAW THE LOCAL GOVERNMENT IS REQUIRED TO PROVIDE ANIMAL CARE AND CONTROL FOR THE COMMUNITY. AS OUR CONTRACTED ANIMAL CARE SERVICE PROVIDER, THE LEXINGTON HUMANE SOCIETY IS UPGRADING FACILITIES TO MEET RECENTLY ENACTED STATE STANDARDS. THEY ARE PROVIDING THEIR OWN FUNDING TO CONSTRUCT A NEW HUMANE SOCIETY SHELTER AND I HAVE INCLUDED \$450,000 IN THIS BUDGET TO FUND RENOVATION OF THE EXISTING FACILITY TO MEET OUR ANIMAL CARE AND CONTROL REQUIREMENTS.

ON THE PRESERVATION FRONT, I PROPOSE BONDING \$2 MILLION MORE FOR THE PDR PROGRAM. THIS WILL ALLOW THEM TO CONTINUE ACQUIRING EASEMENTS, WHILE MATCHING OUR INVESTMENT WITH STATE AND FEDERAL DOLLARS.

IN THE CURRENT YEAR BUDGET WE ADDED SOME MONEY TO REIGNITE ACTIVITY AT THE LYRIC THEATER SITE. THE TASK FORCE HAS BEEN AT WORK FOR SEVERAL MONTHS, WITH MORE WORK TO DO OVER THE COMING

MONTHS. WE ALREADY HAVE A GOOD WORKING POOL OF CAPITAL AVAILABLE FOR THEM TO CONTINUE THE PROCESS OF DEVELOPING A SOLID RECOMMENDATION FOR THAT SITE. ONCE THEY HAVE FINALIZED THEIR IDEAS, EXISTING FUNDS MAY BE USED TO HIRE A FIRM TO DO A DESIGN OF THE NEW FACILITY. WE WILL THEN COME BACK IN THE NEXT BUDGET FOR THE FINANCIAL SUPPORT TO COMPLETE THE COMMUNITY'S VISION.

WE HAVE ADDED AN INFILL & REDEVELOPMENT POSITION IN THE DIVISION OF PLANNING AND I HAVE INCLUDED \$150,000 FOR THEM TO BEGIN THEIR INITIAL WORK. AS OUR REVENUES EXPAND WE WILL NEED TO SPEND CONSIDERABLY MORE IN THIS AREA.

FUNDS HAVE BEEN INCLUDED IN THIS BUDGET TO MOVE AHEAD WITH THE ESTABLISHMENT OF THE PARKING AUTHORITY. THE MAKE UP OF THE AUTHORITY BOARD HAS BEEN DETERMINED AND WE HAVE OUTLINED THE CREATION OF A PERMANENT ADVISORY COMMITTEE TO ENSURE THE APPROPRIATE PARTIES CAN PARTICIPATE IN THE DIALOGUE. ONCE THE BOARD BECOMES FUNCTIONAL THEY CAN BEGIN THE PROCESS OF LOOKING FOR AN EXECUTIVE DIRECTOR.

WE HAVE BEEN ENGAGED IN DISCUSSIONS WITH UK REGARDING THE CREATION OF A NEW PARTNERSHIP WITH THEM AND THREE OTHER ORGANIZATIONS. THE PURPOSE IS TO ESTABLISH A BUSINESS SERVICES INCUBATOR THAT WILL ASSIST START UP COMPANIES IN CENTRAL KENTUCKY. I HAVE INCLUDED \$200,000 FOR OUR PARTICIPATION IN THIS NEW PARTNERSHIP. IF SUCCESSFUL, THIS INITIATIVE WILL HELP FACILITATE JOB CREATION IN OUR AREA. THAT EXPANDS OUR TAX BASE AND IT MAKES GOOD SENSE FOR THE URBAN COUNTY GOVERNMENT TO BE A PART OF IT.

THIS COMING YEAR THE LEXINGTON CONVENTION CENTER WILL BE FACED WITH A ONE TIME BUMP IN THE SCHEDULE FOR REPAYING THE BONDS THAT COVERED A PREVIOUS RENOVATION. I HAVE INCLUDED \$600,000 IN THIS BUDGET FOR THIS ONE TIME PAYMENT.

THOUGH IT WILL NOT IMPACT FUND 111, THERE IS AN ALLOCATION IN FUND 245 TO ALLOW FOR A REORGANIZATION OF THE DIVISION OF SANITARY

SEWERS. THIS RESTRUCTURING WILL PERMIT US TO BE MORE EFFICIENT WITH OUR DOLLARS, WHILE ASSIGNING TREATMENT PLANT MAINTENANCE TO EMPLOYEES MORE APPROPRIATELY CLASSIFIED TO DO IT. THIS WILL COST APPROXIMATELY \$100,000.

HONORING OUR COMMITMENT TO PUBLIC SAFETY, WE WILL ADD ANOTHER CLASS OF 49 OFFICERS FOR THE POLICE AND 30 FIREFIGHTERS.

WE ARE ALSO INCREASING OUR CONTRIBUTION INTO THE POLICE AND FIRE PENSION FUND, GOING FROM 23 TO 25%. THIS INCREASE WILL COST \$1.1 MILLION.

SIGNIFICANT DOLLARS HAVE BEEN ALLOCATED OVER THE PAST YEAR FOR PAVING. THERE HAS ALSO BEEN FUNDING FOR STORMWATER PROJECTS, AS THERE IS IN THIS BUDGET. AT PRESENT WE ARE GRAPPLING WITH AN ISSUE OF CAPACITY RATHER THAN MONEY.

WE HAVE MONEY AVAILABLE BUT LACK THE ABILITY TO GET ALL OF THE PROPOSED PROJECTS DONE WITHIN A FISCAL YEAR TIME FRAME. THAT IS PARTIALLY DUE TO A VOID IN SUPPLIERS. WE NEED TO FINISH SEVERAL PROJECTS THAT ARE ON THE DRAWING BOARD AND ALREADY FUNDED BEFORE FUTURE APPROPRIATIONS ARE MADE.

ALSO INCLUDED IN THIS BUDGET IS \$845,000 TO BOND VARIOUS PARKS PROJECTS. THESE PROJECTS INCLUDE:

\$20,000 FOR GRATZ PARK FOUNTAIN RENOVATION

\$100,000 MLK SITE IMPROVEMENTS

\$75,000 WELLINGTON PARKING AND ENTRANCE

\$85,000 JACOBSON PARK IMPROVEMENTS

\$75,000 MASTERSON STATION FIBER OPTIC NETWORK

\$150,000 CASTLEWOOD PARK

\$40,000 MARLBORO PARK FOR PARKING IMPROVEMENTS

\$250,000 RAVEN RUN NATURE CENTER

\$50,000 SHILLITO PARK FOR TENNIS COURT ADA COMPLIANCE

FINALLY, WE HAVE A MAJOR OPPORTUNITY IN FRONT OF US WITH THE WORLD EQUESTRIAN GAMES COMING IN 2010. AS MANY OF YOU KNOW, WE

HAVE A LARGE INTERNAL GROUP THAT HAS BEEN MEETING FOR SOME TIME TO DEVELOP A LIST OF PROJECTS. YOU WILL SEE THESE PRESENTED AT WORK SESSION NEXT WEEK. OUR STRATEGY FOR PREPARATION IS TO ADDRESS THE INFRASTRUCTURE ENHANCEMENTS OVER THE FIRST 2-3 YEARS AND COSMETIC OR AESTHETIC THINGS OVER THE LAST YEAR AND A HALF.

WE APPRECIATE THE INPUT OF COUNCILMEMBERS AND THE COMMUNITY. THE WORLD EQUESTRIAN GAMES WILL BE A REAL OPPORTUNITY FOR LEXINGTON TO SHINE.

WORKING ON THIS BUDGET HIGHLIGHTED THE CHALLENGE OF BALANCING MANY NEEDS AS WE ARE REQUIRED TO DO UNDER THE CHARTER. WHERE WE HAD OPPORTUNITIES TO PARTNER WITH OTHERS TO STRETCH OUR FUNDS, WE DID SO.

OUR ECONOMY IS STILL GROWING AND THAT IS POSITIVE COMPARED TO MANY AREAS OF THE COUNTRY. I KNOW THE COUNCIL WILL DO A THOROUGH JOB OF ANALYZING THIS BUDGET.

I WOULD LIKE TO THANK THE BUDGET OFFICE STAFF AND ALL THOSE WHO WORKED TO PREPARE THIS BUDGET. THE WORLD IS COMING IN 2010 BECAUSE LEXINGTON IS A SPECIAL PLACE. LET'S CONTINUE TO BUILD ON THAT.

THANK YOU.

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The Council adjourned at 3:52 p.m.

Clerk of the Urban County Council